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GAF Corporation Annual Report 1970

**GAF Corporation**
**Annual Report 1970**

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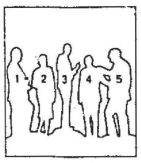
The Annual Meeting of GAF shareholders will be held on April 16.




**Management Committee of GAF Corporation**

1. Edward J. Williams
Executive Vice President
Administrative Services
2. Juliette M. Moran
Vice President
Communications Services
3. Jesse Werner
Chairman of the Board and President
4. Philip B. Dalton
Executive Vice President
Operations
5. E. J. O'Leary
Senior Vice President
Marketing Services

In 1970 we were able to retire part of our debt, pay common and preferred dividends, and conserve working capital. Equally important, we maintained our "giant step" efforts to improve the public image which the Company had acquired during its more than 20 years of hibernation under government ownership.

In the pages which follow, we will share with you the good and the bad, the disappointing and the encouraging events of the past year, and we are sure that you will conclude that the overall future of GAF is indeed bright....



## Financial Highlights

| For the Year (in thousands) | 1970 | 1969 |
|---|---|---|
| Net Sales | $598,706 | $606,254 |
| Net Income | 14,694 | 11,068 |
| Dividends | | |
| Common | 5,434 | 5,395 |
| Preferred | 3,795 | 3,793 |
| Capital Expenditures | 25,186 | 22,090 |
| Depreciation | 20,923 | 19,973 |

| At the Year End (in thousands) | | |
|---|---|---|
| Working Capital | 205,315 | 197,950 |
| Total Borrowings | 167,201 | 187,314 |
| Shareholders' Equity | 296,050 | 290,154 |
| Current Ratio | 3.4:1 | 3.0:1 |
| No. of Employees | 19.8 | 21.1 |

| Per Common Share Statistics | | |
|---|---|---|
| Net Income | .80 | .54 |
| Common Dividends | .40 | .40 |
| Shareholders' Equity | 15.33 | 14.91 |

*President's message continued –*

The economic slowdown in 1970 resulted in a drop-off of sales of a little over one per cent – from $606,254,000 in 1969 to $598,706,000 in 1970. Net income for 1970 was $14,694,000 or 80 cents per common share as compared to $11,068,000 or 54 cents per common share in 1969. The 1970 earnings were aided by extraordinary gains of $6,300,000 or 46 cents per common share, while special charges against income in 1969 reduced earnings by $4,175,000 or 31 cents per common share....

## Financial Review

### Sales

Sales in 1970 were 1.2 per cent lower than in 1969. As indicated in the table below, the Company's product mix changed slightly in 1970 as a result of conditions within each of the operating divisions.

| | 1970 | | 1969 | |
|---|---|---|---|---|
| | Sales | % of Total | Sales | % of Total |
| Chemicals | $154,886,000 | 25.9 | $163,313,000 | 26.9 |
| Photo Products | 136,465,000 | 22.8 | 144,031,000 | 23.8 |
| Business Systems | 85,189,000 | 14.2 | 76,041,000 | 12.5 |
| Building Materials | 176,086,000 | 29.4 | 175,728,000 | 29.0 |
| Industrial Products | 46,080,000 | 7.7 | 47,141,000 | 7.8 |
| | $598,706,000 | 100.0 | $606,254,000 | 100.0 |

### Net Income

Income from operations in 1970 (before extraordinary items) reflected the major increases in labor and material costs prevalent in all areas of the Company's operations in 1970. Price increases for the most part failed to equal these rises in costs and there was a marked effect on the operating margins of our five product groups.

The table presented below indicates the direct operating margin of the Company's five product groups. The Company has not maintained records that would permit it to allocate corporate expenses to these groups on other than an arbitrary basis. Corporate costs, including interest of $11,641,000 in 1970 and $10,712,000 in 1969, amounted to $30,441,000 and $30,212,000 in the respective years.

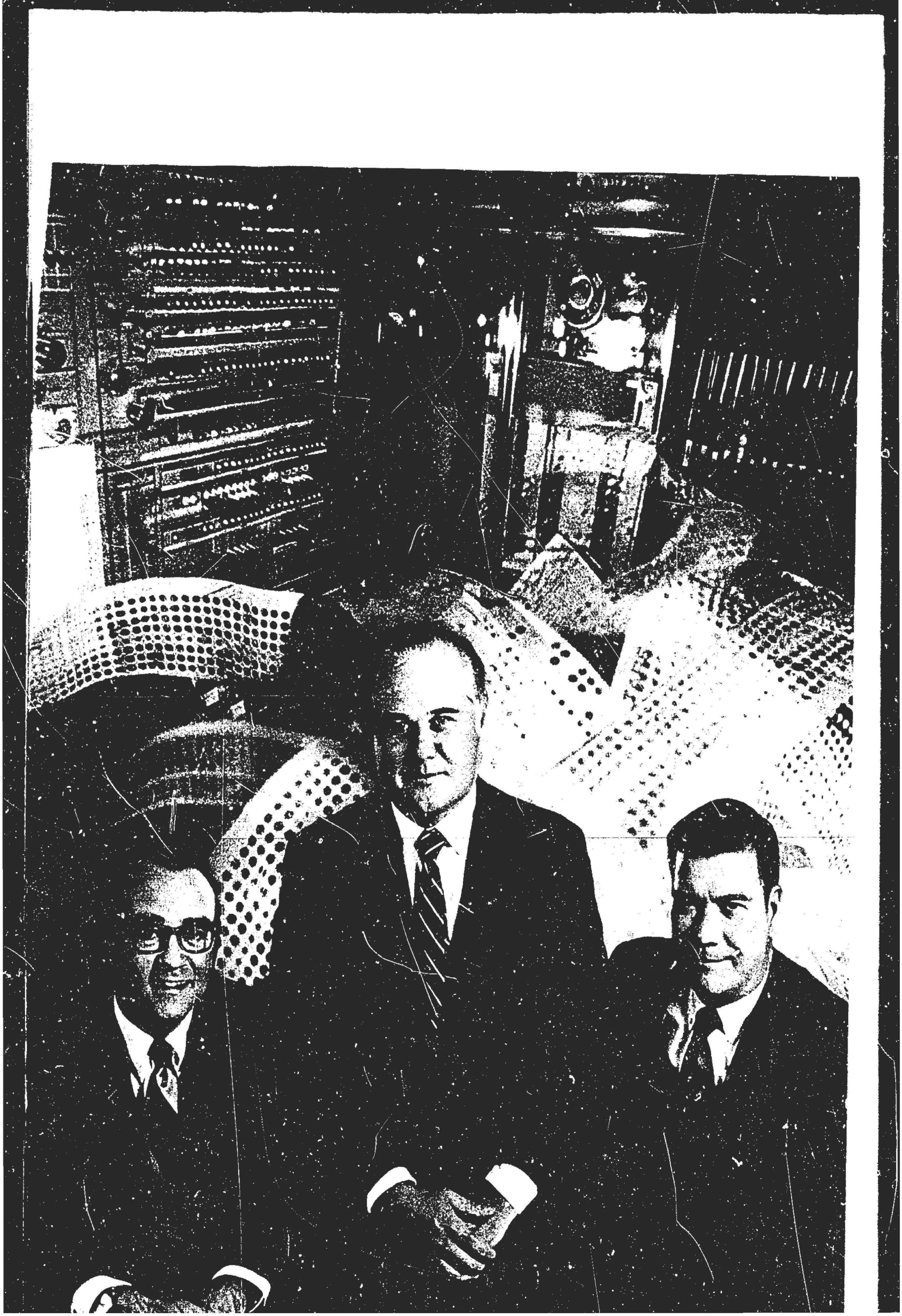
| | 1970 | | 1969 | |
|---|---|---|---|---|
| | Operating Margin | % of Total | Operating Margin | % of Total |
| Chemicals | $18,407,000 | 40.2 | $22,861,000 | 38.5 |
| Photo Products | (3,005,000) | (6.6) | 6,657,000 | 11.2 |
| Business Systems | 4,377,000 | 9.5 | 4,317,000 | 7.3 |
| Building Materials | 18,197,000 | 39.7 | 16,601,000 | 28.0 |
| Industrial Products | 7,862,000 | 17.2 | 8,876,000 | 15.0 |
| | $45,838,000 | 100.0 | $59,312,000 | 100.0 |

In addition to the economy-related profit deterioration that occurred in 1970, our Chemicals and Photo Products operations had the added burden of costs related to facility expansion and the introduction of new products.

The new addition to the Linden, N.J. chlorine-caustic plant, which represented a doubling of capacity, was still in start-up at the year-end. Although construction was substantially complete in 1969, the plant was extensively modified during the year 1970. This unit reduced



*L. to R.:* Jay R. Olson, Treasurer
Edward J. Williams, Executive Vice President – Administrative Services
W. Richard Margerm, Controller



*President's message continued*

In five short years, by programs of modernization, acquisition, and diversification, we have revitalized and converted the Company into a strong, dynamic, viable competitor in the many fields in which we operate. . . .

operating earnings by $1,000,000 even though no depreciation was taken in 1970 because of its start-up status. The plant started its drive toward normal operations in January 1971, and it is believed the modifications remaining can be accomplished without major interruption of operations.

Photo Products losses are primarily related to photographic films and papers, where major changes in the product line and manufacturing techniques have occurred during recent years. Manufacturing expenses at the Binghamton plant were up substantially because of operating problems related to new film and paper coating machines and the new products for which this equipment was installed. Approximately 55 per cent of the Binghamton production is now for products introduced during the last three years. Consumer Photo products, other than film and paper, remained profitable in 1970 although seasonal Christmas sales of these products were below our expectations. 1970 also saw an inventory correction for these products, which resulted in lower production levels with an attendant increase in costs. Inventories at the end of 1970 were balanced.

**Extraordinary Items**

Income from extraordinary items resulted from the sale of properties without the loss of the operations involved.

In 1970, the Company approved a consolidation plan of its English subsidiary to combine at one location the operations of its three production facilities located in London. On November 27, 1970, GAF (Great Britain) Limited took the first step of this consolidation by selling its headquarters building in London. After allowing for all taxes and associated costs, a profit of $3,923,000 or 29 cents per common share was realized on this transaction. The proceeds from the sale of $5,340,000 in excess of a down payment ($534,000) are due on March 31, 1971. They will be used to pay for a new existing facility for which a purchase contract was signed in December 1970.

As of June 30, 1970, the Company sold its Amiben production facilities at Texas City, Texas, to Amchem Products, Inc., its only customer. At the same time, the Company leased the facilities and continues to operate them to manufacture Amiben for Amchem. As the sole manufacturer of this agricultural chemical, GAF will continue to reflect these operations in its results, utilizing the leased facilities for this purpose. Proceeds from the sale of $12,000,000 were received on July 22, 1970. After allowing for all taxes and associated costs, and the abandonment of certain related plant facilities at Linden, New Jersey, a profit of $2,377,000 or 17 cents per common share was realized on this transaction.

**Capital Expenditures**

Plant and equipment expenditures totaled $25,186,000 in 1970, compared with $22,090,000 in 1969. Capital projects approved at year-end 1970 for which funds will be expended in 1971 and later years totaled $32,060,000.

**Financial Condition and Capital Structure**

The Company maintained a strong financial condition throughout the year. Effective financial management resulted in an increase in working capital and an improvement in the current ratio. The current ratio at the year-end was 3.4:1 compared with 3.0:1 a year ago. The debt equity ratio at 32/68 was an improvement over 1969's 34/66. During 1970, our total loans outstanding were reduced by $20,113,000 of which $7,889,000 was long-term debt.

In May 1970, the Company converted $40 million under its revolving credit agreement into four-year Term Loans with interest at ¼ of 1 per cent over the floating prime rate. The loans are repayable in 16 equal quarterly installments and at the end of the year the outstanding amount had been reduced to $32,000,000.



Philip B. Dalton, Executive Vice President–Operations

The chemical industry was particularly hard hit in 1970 and GAF's chemical operations were no exception. Without the increased volume necessary to offset the cost-price squeeze, profits suffered.

Of GAF's wide range of chemicals, however, acetylene products and the polymer latex business posted particularly successful 1970 records and the outlook for these products continues strong....

## Chemicals

The chemical industry, caught between spiraling costs and lower prices stemming from overcapacity, keenly felt the effects of the economic slowdown of 1970. GAF's broad line of specialty products, however, helped buoy the Company's position in the generally depressed chemical market.

Through its diversified line of high-pressure acetylene derivatives, surfactants, dyestuffs and pigments, industrial organic and textile chemicals, GAF was able to withstand some of the business decline and, in some instances, post sales gains.

The latex operations at Chattanooga, Tenn., chlorine-caustic at Linden, N.J., and acetylene chemical products at our Calvert City, Ky., and Texas City, Tex. plants were successful in bucking chemical market trends and made significant sales advances.

The versatile and diverse chemicals produced only by GAF in the United States from reactions of acetylene with other chemicals under high pressure continued to penetrate new market areas in 1970 and achieved higher sales levels. A multimillion dollar expansion to substantially increase capacity to produce acetylene chemicals at the Texas City plant was completed on schedule at the close of 1970, and start-up operations have begun.

Growth potential for the GAF® polyvinylpyrrolidone (PVP) and vinyl ether (Gantrez® polymer) families of products seems unlimited as their spectrum of uses and applications grows in a variety of industries. These products, adaptable to a wide range of end uses, have become essential to the manufacture of cosmetics and toiletries, adhesives, detergents, plastics, rubber, coatings and paints, paper, inks, textiles, printing, pharmaceuticals, foods, beverages, and many other products.

One important introduction in the area of acetylene chemicals in 1970 was Gafquat® 755 copolymer, a highly effective hair-conditioning agent which was accepted by the cosmetics industry for use in a number of leading hair grooming formulas. In another area of major interest, an older product, Gantrez AN resin, is being tested as a replacement for phosphates or NTA builders in detergents.

At Chattanooga, where GAF produces its styrene-butadiene latices for carpet backing, paper coating, and building product uses, two recent plant expansions were hard pressed to meet the growing demand for this group of products. Significant new compounds designed with flame retardant or self-extinguishing properties for the drapery, upholstery, and tufted carpet markets were introduced in 1970 and initial marketing success indicates that additional expansion of the latex operations will be necessary in 1971.

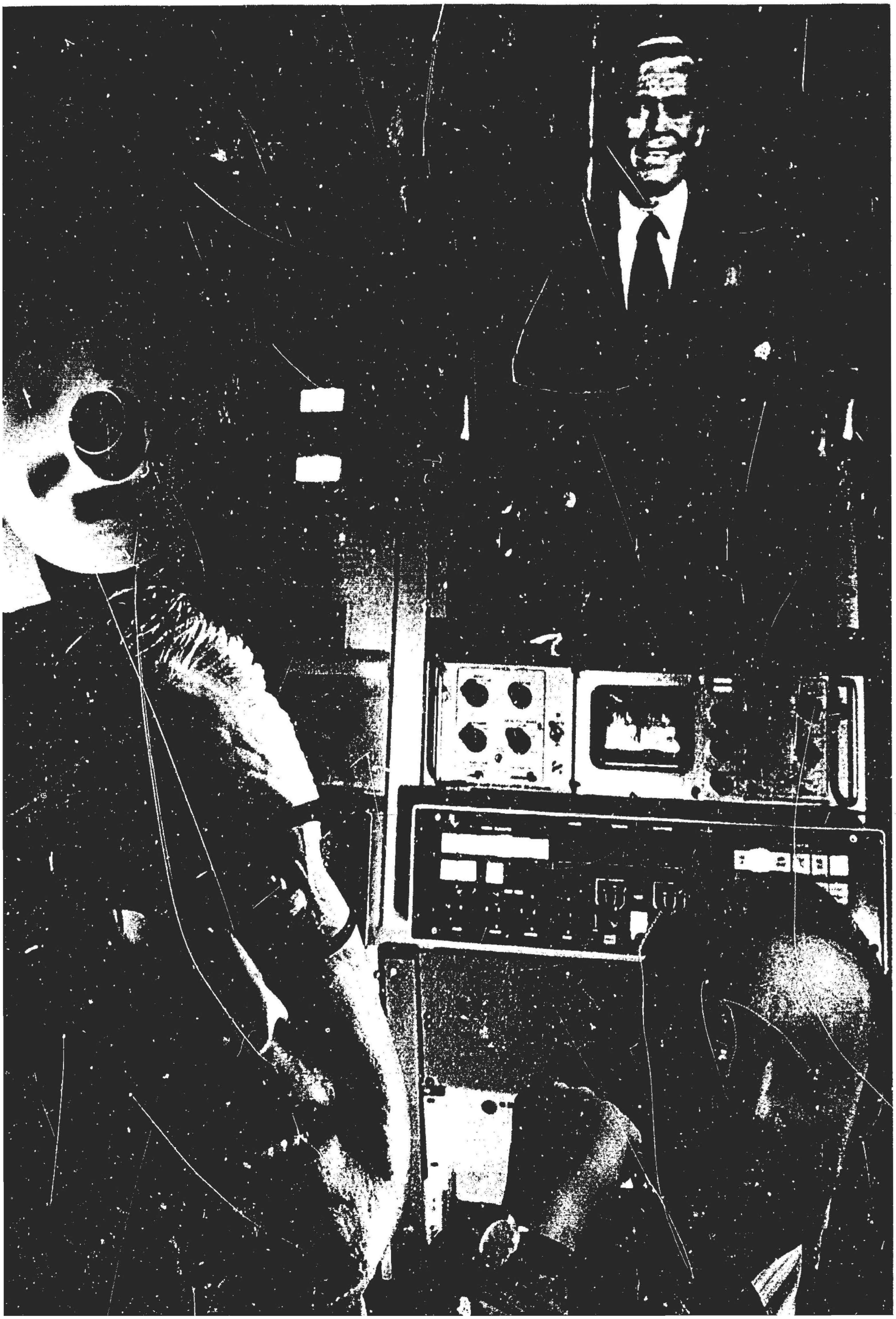
GAF sales of dyes and pigments in 1970, reflecting the downward economic situation, were further depressed by an increase of imports into the United States brought about by a 1967 tariff reduction program. Some 200 products were eliminated from the dyestuff line in the last year, but notable success was achieved in developing and providing quality dyes for nylon and polyester fibers. In addition, a new GAF Blancophor® PD optical brightener was accepted by a major manufacturer of laundry detergents for a new household product for washing synthetic fiber fabrics.

In the surfactant area, GAF was able to offset lower sales volume in 1970 through several price increases and thereby maintain profits comparable to the preceding year. The Company looks to increased sales in the year ahead upon a return to normal market conditions.

GAF's principal agricultural chemical product, Amiben, a soybean herbicide made for Amchem Products, Inc., showed reduced sales in 1970. However, this merely reflected an inventory adjustment on the part of the marketer, since sales to farmers continued to increase as they have every year since the product was introduced. Significant GAF sales increases, therefore, are forecast for 1971.



E. J. O'Leary *(L.)* Senior Vice President—Marketing Services
Jack Schockowitz, Director, Advertising and Sales Promotion



In another development concerning agricultural chemicals, GAF Cepha* plant growth regulator, being test-marketed by Amchem under their trademark "Ethrel," has attracted considerable attention for stimulating latex flow in rubber trees in Malaysia. In addition, Cepha is also being tested as a growth regulator to aid in the mechanical harvesting of a variety of crops including pineapples and tomatoes. The first semiworks production of the product by GAF was successfully undertaken in 1970.

GAF's chemical operations were consolidated to form the Chemical Division during 1970, by merging the former Dyestuff and Chemical Division with the textile chemical operation to achieve greater marketing coverage, improve manufacturing efficiency, and reduce costs. In view of the general economy, extra stringent efforts were undertaken at all plants to drastically reduce overhead – without impairing efficiency.

Pollution abatement was a major concern throughout 1970. Some of the major projects undertaken include:

- Initial work at the Linden waste treatment plant for which $6.5 million was earmarked in 1970. This plant will be completed in 1972. The efforts to control air pollution in the Linden area are continuing and are on schedule.

- Preliminary planning with Sterling Drug, Inc. and Rensselaer County Sewer District No. 1 to cooperate in alleviating pollution of the Hudson River through a municipal waste treatment facility. The capital expenditure will be in excess of $1 million.

- GAF, along with other industries in the Calvert City area, contracted with International Pollution Control to provide a central waste disposal facility. A program also has been established for water pollution abatement to meet the anticipated future new standards of both Kentucky and the Federal Government.

- GAF, as a member of the Textile Dye Institute, has joined in an industry effort to find scientific answers to the questions concerning the biodegradability of dyes and their effects on the environment.


Edwin R. Cowherd, Vice President – Chemicals



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GAF's heavy investment in the photographic field during the past five years was designed to position the Company to take full advantage of this vast market. While 1970 results reflect the continuing costs of modernizing and improving the Binghamton, N.Y. photographic production facilities, GAF now stands closer to reaping the rewards of this investment.

## Photo Products

The GAF photo sales group, consisting of the consumer and industrial divisions and Lenco Photo Products, Inc., a wholly owned distribution subsidiary, did not match the growth rates of previous years in 1970. This, in combination with continuing start-up costs to produce new sensitized products, had an adverse impact on earnings. Sales were affected by consumer reluctance to spend in a year of unsettled monetary questions and the heavy reduction in the Government's photographic expenditures. Plant production problems also restricted our ability to fully meet customer requirements for certain products.

During the year the GAF photo group management strengthened basic operations, improved manufacturing efficiency, and redirected marketing efforts into higher-volume, more profitable areas.

GAF has expended much effort and money in its drive for success in the highly competitive photographic field, and is convinced that the rewards of this investment will be substantial. Further, it is believed that the program to develop a GAF brand-concept for film, still and movie cameras, slide and motion picture projectors and viewers has begun to bear fruit.

### Consumer Photo Division

In the consumer area, GAF, through its increased sale of photographic film and hardgoods, was able to improve its position in the industry. Domestic film sales, bolstered by the new GAF® Color Print Film and a concerted television advertising schedule, were well ahead of the previous year. The line of GAF® slide projectors also benefited from increased advertising and promotion.

GAF View-Master® three-dimensional viewers and stereo reels did not reach the sales success of 1969 when special "Moon shot" packets received enthusiastic acceptance, but the new GAF Talking View-Master® viewer and reels achieved their sales forecast. This product, which adds the dimension of sound to the stereoscopic viewer, was introduced to a national market in time for the Christmas buying season and indications are that retail dealers were pleased with the sell-through to consumers.

The designation of GAF as the official film of Disneyland at Anaheim, Calif. in October 1970, and the soon-to-be-completed Disney World near Orlando, Fla. has opened new sales horizons for all GAF consumer photo products. The GAF Disney agreement provides for some 55 retail outlets at the vacationlands, which are expected to attract more than 17 million visitors annually.

In another unusual event GAF presented the White House with specially designed GAF View-Master Presidential Chests to be given to foreign dignitaries as souvenirs of their visits to the United States. The chests, containing 60 reels of three-dimensional color photographs of "Americana" from each of the 50 states, were accepted by Mrs. Nixon in the White House Library.

The division also undertook several actions to combat mounting operating costs. Personnel reductions were made throughout the operations and the Portland, Ore. manufacturing plant was able to improve efficiency with several cost-saving practices in product assembly. A division-wide program also was initiated to reduce high inventories.

### Industrial Photo Division

The Industrial Photo Division was able to equal its 1969 civilian sales and posted international sales gains over the previous year, but the cut-back in Federal spending resulted in lower government sales in 1970.

Both graphic and medical X-ray, which are important segments of the product line, made significant advances. In both instances, the GAF rate of sales growth in 1970 was greater than the overall industry. However, industrial X-ray products sales were affected by the sluggish general economy and reduced Federal defense outlays. Sales to professional studios, photo-finishers, and commercial photographic supply houses were reduced by technical and production problems encountered in the introduction of new color film and paper products. One of the principal costs inherent in these operations is scrap charges in perfecting these highly complex products. Intensive efforts were directed to the solution of these problems—primarily

With a broad line of quality film and photographic equipment for the industrial, professional, and amateur markets, the Company is emerging as a major force in these fields. Steps still remain to be completed to insure uninterrupted production, but the program of developing a GAF photo brand-concept is most promising....

in the coating areas of the Binghamton, N.Y. plant—and progress has been made by better utilization of manpower and resources and by eliminating obsolete equipment and processes.

Two government contracts let during the year for medical X-ray film alone will ultimately account for approximately $5 million in sales. Several smaller government awards also were won by GAF for graphic film and aerial film.

Sales of the medical X-ray line benefited from the introduction of a new improved Gaf-X® film, which was found impressive by radiologists. A new dental film on polyester base, and able to withstand high temperature processing, also was marketed successfully in 1970. In addition, two new GAF® films on polyester base were introduced to industrial users.

Much of the increased sales in the graphic arts area can be attributed to new, high definition GAF® lithographic films on polyester and acetate bases, which supplement earlier GAF innovations in that field.

Several new products also were introduced for the professional photo market in 1970. They include COM film (computer output microfilm), a new emulsion system for the identification and charge card markets, an improved color print paper for photofinishing and the school photography field, and a new color paper processor to fill the needs of small to intermediate size photo laboratories.

In keeping with the need for tighter operating costs, the Industrial Photo Division re-evaluated its low volume, low profit products and eliminated many of these from its catalog. A number of improved production systems, control techniques, and silver recovery methods were developed and installed during the year to reduce operating expenditures.

In March, a new divisional general manager was appointed and the plant organization was streamlined. These changes have resulted in more effective quality control and improved technical service, and at the same time, a significant reduction in operating expense.

Pollution does not constitute a major problem for the photo products plants, but all state and local regulations concerning environmental aspects have been reviewed. A program of regular monitoring of all plant wastes and effluents has been instituted.

**Lenco Photo Products, Inc.**

The Lenco Photo Products subsidiary also felt the impact of a slower economy in 1970. It was a year, however, of internal restructuring and strengthening of the national sales organization. The base was established for adding new major product lines in the year ahead to supplement Lenco's fine catalog of photographic supplies and equipment, 8mm home movies, tape player/recorders, and stereo sound systems. At the end of 1970 the Lenco subsidiary took on responsibility for a larger share of the sales effort for GAF Sawyer's® brand slide projectors. We believe that this change will result in improved sales for these products at lower cost to GAF.

## Business Systems

Business austerity programs in 1970 took their toll from domestic sales of office equipment and supplies. GAF's Office Systems Division, whose products principally consist of GAF® electrostatic copying machines, toners and paper, diazo reproduction equipment and sensitized materials, business forms and micrographic film systems, undertook wide-reaching efforts to maintain sales, but it could not contend with the drastic cutbacks in aerospace, automotive, and general business spending.

The market for diazo equipment, used widely by engineers and architects, encompasses airframe manufacturers, as well as the U.S. Government, and these sales fell well below 1969. In addition, increased manufacturing costs could be only partially offset by price increases in diazo materials and machines. The GAF® 365 and 310 Rollfeed Diazoprinters, featuring unique convenience devices, were introduced during

GAF's office systems products were the victims in 1970 of sharply reduced U.S. spending in this field, but increased overseas sales helped to support profit margins. With an upturn in the economy, domestic sales are expected to rebound firmly, led by the newly introduced GAF 800 Copier/Duplicator. This top quality, speedy, and convenient machine has marked cost-saving advantages over its leading competitor....

the last quarter and customer response indicates improved 1971 sales in this area.

In the electrostatic copier line GAF was able to improve its overall marketing position in 1970. This was due mainly to the introduction in late 1970 of the GAF® 800 Copier/Duplicator, a high speed machine which affords low cost, top quality reproduction. The new copier, with its specially designed GAF lightweight paper and toner, has had excellent initial sales results. An expanded distribution system, which grew from 95 to 140 dealers during the year, will help the new machine achieve its full market potential. The GAF office copier line now offers six different models, ranging from the GAF 400 Copier for the low-volume user, to the new GAF 800 Copier/Duplicator, which can produce 40 quality copies a minute.

Business forms, manufactured at the GAF plant in Shelby, Ohio, range from simple salesbooks to highly sophisticated computer-oriented documents. Sales from this product group almost reached the record 1969 level.

Two new high speed diazo microfilms were developed by GAF in 1970 and introduced to help round out GAF's quality line of micrographic products.

## Building Materials

In a year in which a depressed housing market and tight mortgage money led the nation's economic decline, GAF's building products group matched its previous record sales. Although housing starts were down drastically in 1970, GAF turned in a fine marketing performance on the strength of its quality lines of roofing, siding, floor tile, and sheet vinyl floor covering.

### Building Products Division

Sales of GAF® building products in 1970 were strong and compared favorably with the previous year. The market prompted generally lower selling prices in the early part of the year but these reduced prices were offset in part by a change in shipping practices which resulted in lower GAF distribution costs.

The principal reason for the level sales over the past two years is the division's concentration on the asphalt re-roofing and remodeling market. Marketing emphasis on industrial roofs also provided GAF with large increases in the coated roll roofing business. In this area, GAF extended its newly instituted special Sentinel® System inspection and maintenance service. The program replaces the Company's previous bonding plan.

Price advances on the asphalt roofing line were made effective on August 15, and November 15, 1970. These increases, of 5 per cent and 3 per cent respectively, were necessary to offset rising raw material costs.

Another area of fast-rising commercial activity is GAF® canal bulkhead corrugated sheeting for use in water-front property development and land reclamation projects. Several major builders have selected these products for use in vast resort area housing developments and GAF expects to supply large quantities of the bulkheads over the duration of the long-term projects. In this connection, the Building Products Division introduced a new improved asbestos cement bulkhead in March of 1970.

Other modifications and new products introduced during the year include improved Stratalite siding and Santona® membrane wall covering, especially designed for mobile homes and modular housing industries.

Reacting to severe pressure of rising operating costs, the division conducted a cost reduction program which resulted in more than $3 million in savings during the year. The major increases in the cost of asphalt and fuel which began to be felt the second half of the year will, of course, affect all of 1971.

With a 20 per cent or higher increase in housing starts predicted for 1971, GAF is carrying out a major inventory build-up in the winter months of 1970-71 so that this market can be serviced. This program should help alleviate seasonal layoffs and the costly overtime

*President's message continued –*

The housing boom, long predicted by economists, did not materialize in 1970 as tight money, higher labor costs, and increased land prices reduced the number of starts. Although this affected the market for GAF building materials, the remodeling and rehabilitation were so strong that overall sales levels were maintained. In addition, an effective cost reduction program helped to improve profit margins over 1969....

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requirements necessary to handle summer and fall demands.

Increased emphasis on air, water, and land pollution had a significant effect on capital expenditures of the Building Products Division during the year. Total authorizations for 1970 increased to more than $4 million. The projects include:

- The installation of new incinerators at our Dallas plant to completely eliminate asphalt fumes and odors from discharge.
- The scheduling of similar units for the Bound Brook, N. J. and Denver facilities in early 1971.
- The installation of major effluent control equipment at Joliet, Ill., which, when completed in 1971, will make its water wastes substantially free of pollutants.
- Construction of pipelines and sewerage basins to tie our South Bound Brook plant disposal system into the community sewerage treatment facility.

**Floor Products Division**

Total sales for GAF® floor coverings during 1970 just about equaled the previous year.

The Floor Products Division's flair for combining stylish, high-fashion patterns, colors, and textures with durable and easy-to-clean surfaces led to the continued acceptance of GAF® floor products by the nation's leading retail distributors. In all, more than 250 color/design pattern combinations were added to the division's line of products during the year.

Included in these introductions were 26 patterns in the GAF Sure-Stik® floor tile line. These pressure-sensitive, adhesive-backed vinyl asbestos floor tiles for simple, do-it-yourself installation, were marketed nationally for the first time in 1970. Another new addition in 1970 was Foamcraft® sheet vinyl flooring, which contains an extra-deep cushion of vinyl foam for greater warmth, quietness, and softness underfoot. The new line and its attractive styling were well received and served as a catalyst to further sheet vinyl sales in the second half of the year.

Significant strides also were made in opening new wholesale distributorships in Milwaukee, Minneapolis, Fargo, Omaha, Des Moines, Jacksonville, and Washington, D.C.

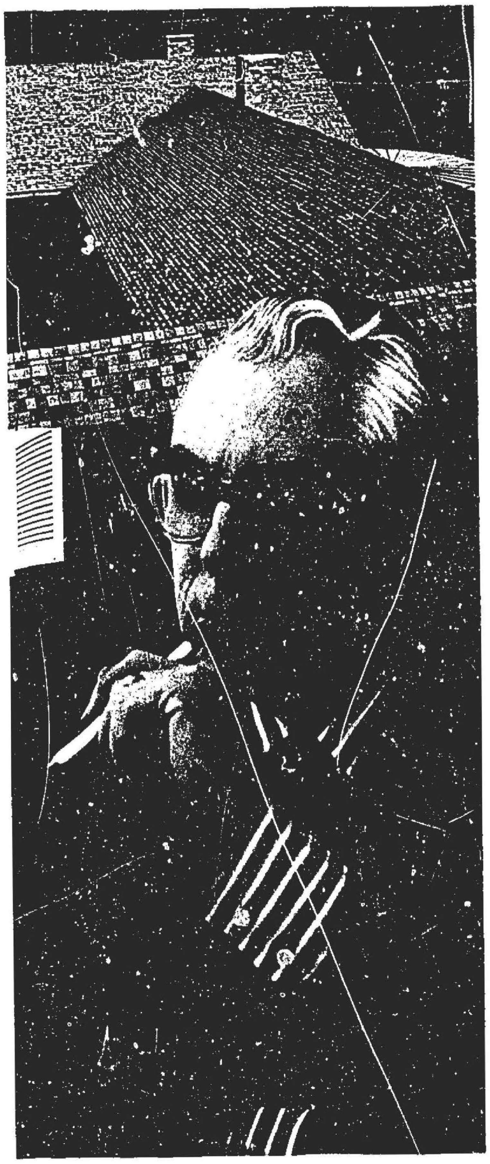
The $10 million-plus expansion announced in late 1969 to substantially increase GAF's capacity to produce sheet vinyl at the Whitehall, Pa. plant is on schedule and is expected to be on stream in early 1972. Major investments have also been made to increase capacity at each of GAF's four floor tile plants and to enable them to produce Sure-Stik tile and indexed tile.

Another program to improve operations in 1970 was the modification of equipment at the Vails Gate, N.Y. and Long Beach, Calif. plants to provide increased production of Thru-Chip® floor tile, a product in which colored particles are pressed completely through the tile for permanent design effect under heavy traffic conditions. This equipment is also being installed at the Houston plant, with completion scheduled for the last quarter of 1971.

In the environmental area, the Floor Products Division recently installed air pollution abatement equipment at the Whitehall plant. Water pollution and waste disposal control equipment in connection with the new plant there is being worked out with appropriate state and local authorities.

Dust control apparatus is being installed also at the Vails Gate and Joliet plants and a recycling process for effluent has been successfully installed at Vails Gate.

J. Stokes Clement, Vice President—Floor Products



Joseph G. Hall, Vice President—Building Products

*President's message continued –*

The generally strong marketing and profit performance of the Industrial Products sales group was hampered by the lag in automotive production – compounded by the extended strike at General Motors – and the fall-off in wool felt sales. New GAF advances in the filtration field, which resulted in new sales, and an intensified marketing effort to secure a larger portion of the mineral products market were implemented to help maintain the division's very healthy position....

## Industrial Products

The GAF® Industrial Products Division, which serves a large number of industries, was particularly vulnerable to the economic downturn of 1970. But despite the general industry retrenchment and the prolonged strike in the automotive industry – to which GAF supplies a substantial amount of sound deadening and vibration control materials – the Division was capable of continuing its strong profit performance with an effective marketing effort in its mineral and filtration products operations.

The Division's Mineral Products group, whose primary products are roofing granules and asbestos fibers, made its relatively good showing in the face of roofing industry work-stoppages and the low level of housing starts. An important factor in the increase in mineral products sales is the new GAF Customer Design Center, established late in 1969 at Bound Brook, N. J. The facility provides customers with the opportunity to mix blends of colored granules in pilot batches to suit specific needs. The Center also has resulted in production-time savings for the customer.

In the fast-growing filtration field, the successful performance of the GAF® pressure vessel, introduced in the latter part of 1969, has resulted in the expansion of

R. Power Fraser, Vice President – Industrial Products



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GAF's International Operations in 1970 were most encouraging, with both sales and profits markedly up. The investment made to convert European sales from independent distributors to a wholly owned marketing organization has begun to pay returns. Overseas sales and United States exports have become an increasingly vital segment of the total GAF operation and plans are being made for increased penetration of these markets, especially in South America and the Far East....

this product line. A new Flexiflo™ multi-bag pressure vessel filtration system has the capacity of either two or four single units. Both systems, which use GAF® Snap-Ring® filter bags of felt, have a wide variety of filtration applications for many fluids in such fields as chemicals, food products, process water, dyestuff and pigments, plastisols, paints, and coatings.

Overall sales for the GAF® felt product line—which encompasses wool and synthetic fiber felts, filter products, and asbestos paper and millboard—were down slightly from 1969. The plate glass industry's continuing trend away from felt polishing wheels was a major contributing factor. Increased sales in other areas, such as synthetic fiber felts for filter media, however, were able to offset some of the decline. Asbestos paper and millboard continued strong and ended 1970 substantially ahead of the previous year.

Sound control products, sold by GAF primarily to the automotive and allied industries, bore the brunt of the 10-week General Motors strike. A general cutback in auto production, which slumped to a nine-year low, aggravated the marketing situation. The outlook for 1971 indicates a strong comeback, however, and the Division has geared its research and development programs to increase its capabilities in the field of sound deadening products.

Widespread expansion of the Division's distribution channels was responsible for a sizable increase in its insulation and construction products. Calsilite® high temperature insulation material achieved greater market penetration through these outlets. In addition, GAF® corrugated asbestos cement sheets, used for cooling towers as well as general building, met with notable success in new power plant construction.

Contract manufacturing of machine parts, conducted by the Division primarily at its Vestal, N.Y. plant, also made gains over 1969. GAF's reputation for high quality workmanship and an intensive marketing effort in this area accounted for the increase.

Throughout the year, emphasis was placed on cost-reduction activities and notable results were achieved in production rates, overhead expenses, raw material and maintenance costs, control of waste, and personnel utilization.

In November 1970, GAF began to phase out its operations at the Delta, Pa. roofing granules facility which includes a quarry and crushing and grinding mill. This move, which will have no significant effect on sales and earnings since the operations are being transferred to other GAF installations, was made in view of the investment needed to provide proper environmental controls at Delta.

Increased concern about the environment also stepped up the timetable in several pollution abatement projects. New air and water control equipment was installed at the Bound Brook, N.J.; Charmian, Pa.; Hyde Park, Vt.; and Glenville, Conn. operations.

## International Operations

GAF's continuing growth in foreign markets was especially gratifying in 1970. Sales of $86,182,000 abroad, a 25 per cent increase over the previous high of $68,975,000 in 1969, not only helped to compensate for weaker domestic sales, but also extended GAF brands into several new territories.

Total international sales, consolidated in the Financial Review under the Company's five sales groups, include exports of GAF products manufactured in the United States and all business from operating subsidiaries, affiliates, and independent distributors in more than 100 countries throughout the world.

GAF Export Corporation, organized in 1969 to market U. S. produced goods in the Western Hemisphere, completed its first full year with successful results. It opened its first branch office in Puerto Rico at mid-year to handle selected photo and building products.

Although Canada suffered a general economic slow-down in 1970, GAF's Canadian operations had record

In summary, all GAF product group managements labored energetically and skillfully to meet the impact of the general decline in the national economy and the continued pressures of inflation rising prices of raw materials and services, mounting transportation charges, higher labor costs, and increased interest rates....


James M. Cloney, Vice President – International Operations

sales in several product areas. Notable among these were office copiers, X-ray film, and floor products.

In Europe, a vigorous sales effort was paced by substantial increases in chemicals and office systems products. The program of direct chemicals marketing was expanded into France, Switzerland and Denmark. Business in these markets continues to grow.

In the office systems area, significant increases were achieved in newer markets, such as Sweden, Belgium, and Germany, as well as in the established United Kingdom and Netherlands sales areas. Introduction of new diazo machines and electrostatic copiers contributed to the overall European growth as did an improved range of sensitized products. The latter products, manufactured at the United Kingdom and Holland plants, have had excellent consumer acceptance in their home markets, as well as throughout the continent. GAF also now offers electrostatic copy paper manufactured in London, England, and Delft, Holland.

The photo products business in Europe, while ahead of 1969, was slowed in its growth rate due to new taxes levied to control inflation in several European countries. These taxes cut consumer spending on many photographic items considered as luxuries.

In Italy, GAF (Italia) S.r.l. completed its first year of operation and had particular success with sale of the

To help combat these operating costs GAF during 1970 instituted a far-reaching operations review to bring about significant savings. This cost reduction program has touched virtually every aspect of GAF business and has resulted in increased efficiency at considerable savings. It is anticipated that this improved operating performance will be of continuing benefit in 1971...

GAF View-Master® Anatomic Atlas which had wide distribution within the country's medical profession.

Other new products introduced in Europe in 1970 included GAF® Color Print and Color Slide Film in Norway and Sweden, and GAF Color Print Film in Belgium and France. In addition, the new GAF Foamcraft® and Super-Softred® floor products were entered in the marketplace in both Ireland and the United Kingdom.

A major expansion and consolidation program also was undertaken by GAF (Great Britain) Limited at the close of 1970. Under the plan, the Company sold its headquarters building in London and purchased a new site, at which a combined office and manufacturing complex will be located. The move from the three present production facilities now located in London will begin in 1971 and continue through 1972 to insure a smooth transition.

In Australia, Consolidated Reprographics, Ltd., a company in which GAF acquired majority holdings in 1969, posted record sales gains in 1970.

## Corporate Staff Departments

Corporate Staff Departments at GAF, established to provide every necessary service (except marketing and manufacturing) to the Corporation and the various operating divisions, play a key role in the effective functioning of GAF. They provide expertise and counsel necessary to proper decision-making by operating managers in matters concerning finance, law, research and development, engineering, purchasing, personnel, distribution, advertising and promotion, market research, patents, environmental engineering, planning and economic evaluation, and public relations.

**The Research and Development Department** was the well-spring for almost every product and process innovation introduced by GAF during the year, many of which are included in the review of divisional activities. With skilled scientists, technicians and specialists located in major plants and the central research laboratories at Easton, Pa., the department continues to further the horizons of the Company through new and improved products.

**The Commercial Development Department,** during 1970, undertook the preparatory work in evaluating GAF's completely new line of photo resists and high resolution plates. These products, which could have widespread application in the microelectronics industry, are undergoing intensive review, including the establishment of distribution channels and technical service operations.

**The Advertising and Promotion Department,** in a major change in the marketing of GAF consumer photo and floor covering products in 1970, selected the internationally famous actor Henry Fonda to serve as GAF's television and radio advertising spokesman. The success of this effort, measured by in-depth marketing surveys, prompted the Company to renew the arrangement for 1971.

**The Personnel Relations Department** assisted in the Company's cost reduction program in 1970 through its activities utilizing and developing GAF's human resources.

The Industrial Relations group in 1970 negotiated 34 labor contracts and 27 pension agreements. During the year, the Company was affected by two extended work stoppages: a 77-day strike at the Mobile building products plant and a 54-day lockout in the Tampa building products plant. There also was a one-and-a-half-day walkout of maintenance employees at the Calvert City, Ky. chemicals plant, and a four-hour wildcat disruption at the Glenville, Conn. felt plant.

The Personnel Department also continued its equal opportunity programs during the year with the number of minority group employees increasing by 162 to 2,084, or 10.5 per cent of GAF's total employees.

*President's message continued*

One of the major costs encountered by GAF during the year was that for environmental engineering and pollution control. GAF's commitments in this field include not only new equipment and facilities, but also basic research to help find solutions to problems for which no present answers exist. These programs are directed toward improving employee working conditions and productivity as well as improving community relations at plant locations, and bettering the environment for all citizens....

## Organizational Changes

In August of 1970, GAF implemented a top management reorganization plan to give divisional and staff general managers more flexibility in carrying out increasingly complex day-to-day operations. Under the plan, a management committee consisting of Chairman and President Dr. Jesse Werner, Executive Vice Presidents Philip B. Dalton and Edward J. Williams, Senior Vice President E. J. O'Leary, and Vice President Juliette M. Moran was formed to enable closer coordination of Company activities and permit increased sharing of special skills and talents. The new program also established regular monthly forums at which all upper echelons of management meet for discussion of and action on appropriate subjects.

Five new officers were elected during 1970:

- J. Stokes Clement was elected Vice President, replacing retiring Julien O. Heppes as officer in charge of GAF's Floor Products Division. Mr. Heppes subsequently was retained as a Company consultant in the field in which he has been recognized as a pioneer and acknowledged leader for many years.
- Joseph G. Hall was elected Vice President, assuming the post previously held by Frederick K. Sweeney in the Building Products Division. Mr. Sweeney's retirement followed more than three decades as an executive in the building materials business.
- John L. Harrigan was advanced to Vice President with responsibility for the Office Systems Division. He had served as divisional general manager since November 1969.
- In the financial area, the Company appointed a new controller and a new treasurer. W. Richard Margerm assumed the controllership and Jay R. Olson was elected treasurer.

## Directors and Officers

**Directors**

**Jesse Werner, Chairman**
**T. Roland Berner**
**John B. Bridgwood**
**Philip B. Dalton**
**Bailey K. Howard**
**Wm. Peyton Marin**
**E. J. O'Leary**
**Donald L. Sanders**
**Howard S. Turner**
**Edward J. Williams**
**Sumner H. Williams**

**Corporate Officers**

**Jesse Werner** President
**Philip B. Dalton** Executive Vice President
**Edward J. Williams** Executive Vice President
**E. J. O'Leary** Senior Vice President
**J. Stokes Clement** Vice President
**James M. Cloney** Vice President
**Edwin R. Cowherd** Vice President
**Thomas A. Dent** Vice President
**R. Power Fraser** Vice President
**Joseph G. Hall** Vice President
**John L. Harrigan** Vice President
**Juliette M. Moran** Vice President
**James C. Murphy** Vice President
**Robert L. Myers** Vice President
**Jay R. Olson** Treasurer
**Herbert L. Abrons** Secretary and Counsel
**W. Richard Margerm** Controller



*L. to R.:* A. Robert Garofalo, Director, Public Relations
Jack F. Gow, General Manager, Personnel Relations
Juliette M. Moran, Vice President—Communications Services

Although the recession of 1970 took its toll, the carefully planned acquisition program which your Company has followed during the past five years has, in itself, been highly successful. The growth in profitability of all of these new additions to your Company has helped in large measure to provide a partial offset to the extraordinary costs of modernizing our photographic operations after so many years of neglect during government ownership and the lesser drop in earnings of our Chemical Division due to the slowdown in the overall economy and the two special problems which arose in 1970 and which are discussed in the Review of Chemical Operations.

Our five year expansion program has also provided your Company with an additional 30 per cent in capacity paid for and available to contribute to our future growth.

On the basis of GAF's proven fiscal soundness, its improved operating position, and continued customer demand for Company products, both old and new, your management is convinced that the Company has the capability to capitalize on its opportunities, and that 1971 will be a successful year.

The Board of Directors conveys its appreciation to the GAF people who have forged these basic strengths and expresses its assurance that these efforts will greatly benefit the Company and its shareholders.

By order of the Board of Directors.

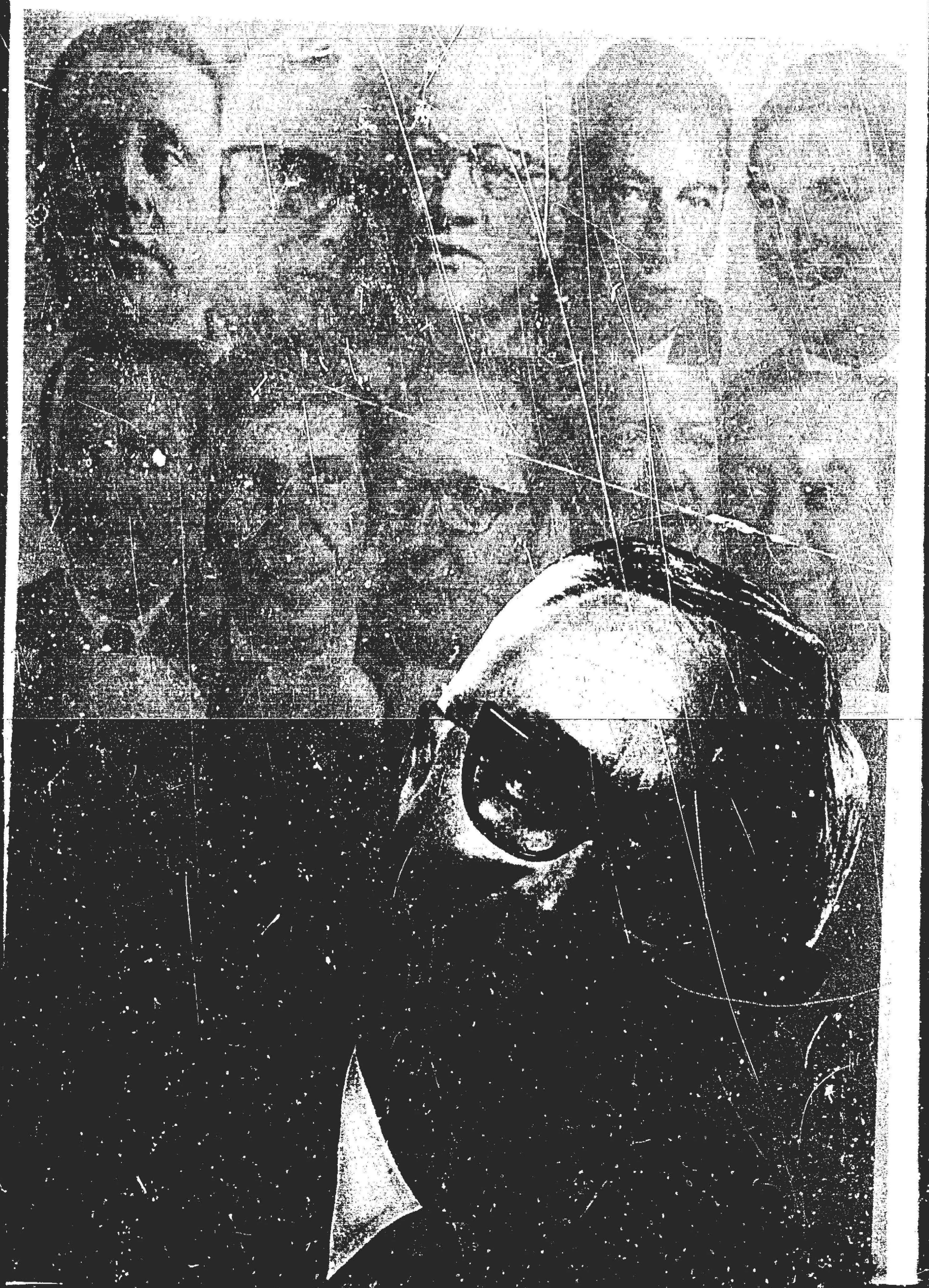
Jesse Werner

February 17, 1971

Jesse Werner
Chairman of the Board and President



Jesse Werner, Chairman of the Board and President



**GAF Corporation** and Consolidated Subsidiaries

**Five Year Financial Summary** (Dollars in thousands except per share figures)

| | Year Ended December 31 | | | | |
|---|---|---|---|---|---|
| | 1970 | 1969 | 1968 | 1967 | 1966 |
| **Operating Results:** | | | | | |
| Net Sales | $598.706 | $606,254 | $569,548 | $520,872 | $484,062 |
| Income: | | | | | |
| Before Income Taxes and Other Charges | 15.397 | 29,100 | 38,567 | 33,441 | 45,289 |
| Before Extraordinary Items | 8.393 | 15,242 | 21,232 | 18,961 | 22,273 |
| Net Income | 14.694 | 11,068 | 21,232 | 18,961 | 18,725 |
| Earnings per Common Share (a): | | | | | |
| Before Extraordinary Items | .34 | .85 | 1.31 | 1.14 | 1.40 |
| Net Income | .80 | .54 | 1.31 | 1.14 | 1.13 |
| **Dividends Paid:** | | | | | |
| Preferred | 3.795 | 3,793 | 3,775 | 2,686 | — |
| Capital Stock of Acquired Companies | — | — | — | 797 | 3,147 |
| Common | 5.434 | 5,395 | 5,338 | 5,337 | 4,786 |
| Per Common Share | .40 | .40 | .40 | .40 | .40 |
| **Capital Expenditures** | 25.186 | 22,090 | 43,578 | 39,931 | 31,572 |
| **Wages and Salaries Including Employee Benefits** | 183.347 | 180,366 | 156,012 | 151,751 | 137,006 |

| | December 31 | | | | |
|---|---|---|---|---|---|
| | 1970 | 1969 | 1968 | 1967 | 1966 |
| **Financial Condition:** | | | | | |
| Current Assets | 289.784 | 297,766 | 267,153 | 230,327 | 237,809 |
| Current Liabilities | 84.469 | 99,816 | 110,898 | 72,763 | 53,100 |
| Working Capital | 205.315 | 197,950 | 156,255 | 157,564 | 184,709 |
| Property, Plant & Equipment (Net) | 231.233 | 235,848 | 237,530 | 212,623 | 183,365 |
| Total Assets | 560.187 | 574,197 | 535,444 | 473,522 | 441,645 |
| Long-term Debt | 136.411 | 144,300 | 103,439 | 96,192 | 78,095 |
| Shareholders' Equity | 296.050 | 290,154 | 286,449 | 273,314 | 261,960 |
| Number of Employees | 19.773 | 21,082 | 20,177 | 19,377 | 18,477 |

(a) Based on weighted average number of common shares outstanding after recognition of preferred dividend requirements.

**GAF Corporation** and Consolidated Subsidiaries

## Consolidated Income and Retained Earnings

| | Year Ended December 31 1970 | 1969 |
|---|---|---|
| **Revenues:** | | |
| Net sales | $598,705,735 | $606,253,619 |
| Other income—net | 1,431,391 | 1,872,041 |
| | 600,137,126 | 608,125,660 |
| **Cost and Expenses:** | | |
| Cost of products sold | 435,993,193 | 430,805,442 |
| Distribution and selling | 101,980,209 | 102,897,861 |
| Research and development | 12,676,892 | 13,260,779 |
| Administrative and general | 22,448,654 | 21,349,441 |
| Interest on borrowed capital | 11,640,834 | 10,712,011 |
| | 584,739,782 | 579,025,534 |
| **Income before Taxes** | 15,397,344 | 29,100,126 |
| **Provision (Credit) for Federal and Foreign Income Taxes** (Note 5): | | |
| Current | 2,681,102 | 6,335,649 |
| Deferred | 4,889,631 | 5,374,963 |
| Deferred investment tax credit | (566,512) | 2,147,078 |
| | 7,004,221 | 13,857,690 |
| **Income before Extraordinary Items** | 8,393,123 | 15,242,436 |
| **Extraordinary Items** (Note 2) | 6,300,481 | (4,174,779) |
| **Net Income** | 14,693,604 | 11,067,657 |
| **Retained Earnings, beginning of year** | 222,975,315 | 221,094,906 |
| **Cash Dividends:** | | |
| Preferred stock—1970 and 1969, $1.20 per share | (3,795,279) | (3,792,669) |
| Common stock—1970 and 1969, $.40 per share | (5,433,911) | (5,394,579) |
| **Retained Earnings, end of year** (Note 6) | $228,439,729 | $222,975,315 |
| **Earnings per Common Share** (Note A): | | |
| Income before extraordinary items | $.34 | $.85 |
| Extraordinary items | .46 | (.31) |
| Net income | $.80 | $.54 |

**Note A**—Earnings per common share were computed by dividing net income, as adjusted for preferred stock dividend requirements, by the weighted average number of shares of common stock outstanding during each year.

The computation of fully diluted net income per common share results in dilution of $.01 per share for 1970 and no dilution for 1969.

See Notes to Consolidated Financial Statements

GAF Corporation and Consolidated Subsidiaries

## Consolidated Balance Sheet

### ASSETS

| | December 31 1970 | 1969 |
|---|---|---|
| **Current Assets:** | | |
| Cash and marketable securities (securities at cost which approximates quoted market value) | $ 13.997.022 | $ 19,683,811 |
| Accounts receivable—trade, less allowance for doubtful accounts—1970, $2.035,531; 1969, $1,903,304 | 112.034.876 | 110,643,234 |
| Accounts receivable—other | 9.174.938 | 6,229,967 |
| Inventories, at the lower of cost (principally average) or market (Note 3) | 146.905.960 | 152,226,705 |
| Prepaid expenses | 4.564.234 | 4,688,427 |
| Future Federal income tax benefits | 3.106.767 | 4,293,520 |
| | 289.783.799 | 297,765,664 |
| **Other Investments and Advances, at cost** (Note 1) | 1.573.235 | 4,059,586 |
| **Property, Plant, and Equipment, at cost:** | | |
| Land, land improvements, and mineral properties | 15.509.641 | 13,809,451 |
| Buildings and building equipment | 107.278.150 | 109,228,084 |
| Machinery and equipment | 300.622.420 | 307,327,280 |
| Construction in progress | 15.800.647 | 5,781,250 |
| | 439.210.858 | 436,146,065 |
| Less accumulated depreciation, amortization, and depletion | 207.977.880 | 200,298,497 |
| | 231.232.978 | 235,847,568 |
| **Goodwill, Patents, Trademarks, etc.** (Note 1) | 37.597.321 | 36,523,926 |
| | $560,187.333 | $574,196,744 |

See Notes to Consolidated Financial Statements

## LIABILITIES

| | December 31 1970 | 1969 |
|---|---|---|
| **Current Liabilities:** | | |
| Notes payable | $ 14,908,466 | $ 30,699,892 |
| Current portion of long-term debt | 12,177,100 | 8,370,000 |
| Accounts payable | 31,643,096 | 35,973,094 |
| Accrued taxes, wages, etc. | 18,960,765 | 20,929,932 |
| Federal and foreign income taxes (Note 5) | 6,779,971 | 2,305,903 |
| Deferred income | — | 1,536,846 |
| | 84,469,398 | 99,815,667 |
| **Long-term Debt Less Current Portion Above** (Note 6) | 136,410,500 | 144,299,600 |
| **Obligation Under Long-term Lease** (Note 10) | 3,705,000 | 3,945,000 |
| **Deferred Income Taxes** (Note 5) | 28,703,983 | 25,518,729 |
| **Other Liabilities** (Note 1) | 3,266,179 | 2,248,742 |
| **Deferred Investment Tax Credit** (Note 5) | 7,582,193 | 8,214,991 |

## SHAREHOLDERS' EQUITY

| | | |
|---|---|---|
| Preferred stock, $1 par value, authorized 6,000,000 shares; $1.20 convertible series issued — 1970, 3,163,071 shares; 1969, 3,161,714 shares; at assigned value of $1.25 per share (liquidation value 1970, $36,984,453) (Note 7) | 3,953,839 | 3,952,142 |
| Common stock, $1 par value, authorized 25,000,000 shares; issued — 1970, 13,598,827.5 shares; 1969, 13,586,627.5 shares (Note 7) | 13,598,828 | 13,586,628 |
| Paid-in surplus (Note 8) | 50,057,684 | 49,639,930 |
| Retained earnings (Note 6) | 228,439,729 | 222,975,315 |
| | 296,050,080 | 290,154,015 |
| | $560,187,333 | $574,196,744 |

**GAF Corporation** and Consolidated Subsidiaries
## Notes to Consolidated Financial Statements

**1. Principles of Consolidation**—In the accompanying financial statements the accounts of all significant subsidiaries have been consolidated and foreign accounts have been translated into U.S. dollars at appropriate rates of exchange. Net assets of foreign subsidiaries included in consolidated net assets amounted to $23,459,715 at December 31, 1970 and net income amounted to $5,973,814 (including an extraordinary item of $3,923,171—see Note 2) for 1970 and $1,223,553 for 1969.

The accounts of an Australian subsidiary, in which majority ownership was acquired in 1969, are included in the 1970 consolidated financial statements. The Company's equity in the net income of this subsidiary for the period prior to consolidation (last six months in 1969), $61,485, is included in Other Income for 1970. The equity of minority shareholders in the net assets of this subsidiary, $1,159,693 at December 31, 1970, is included in Other Liabilities, and their equity in net income for 1970, $215,000, has been applied as a reduction of Other Income.

Prior to 1970, the fiscal years of the Company's foreign subsidiaries generally ended on November 30. In 1970, the fiscal year-end of most of these subsidiaries was changed to December 31, and the 1970 consolidated financial statements include the results of their operations for the thirteen months then ended. The consolidated net income of such companies for the thirteenth month is not significant in relation to consolidated net income.

The Company's equity in the net assets of subsidiaries at December 31, 1970 was $4,346,556 in excess of the cost of investments in and advances to such subsidiaries. In consolidation this net amount was included in accounts as follows:

| | |
|---|---|
| Goodwill, Patents, Trademarks, etc. | $ 9,947,256 |
| Retained Earnings (undistributed net income since acquisition) | 14,293,812 |

The Company has investments in and advances to two partially-owned foreign companies, which are included in Other Investments and Advances. The Company's equity in the net assets of those companies is approximately $1,077,000 in excess of the cost of such investments and advances.

Included in Other Investments and Advances are 6% notes receivable from key employees aggregating $805,381 received in payment for restricted common stock purchased under the Company's plan for the sale of restricted and unrestricted common stock to key employees (see Note 7). Of this total amount, $781,331 is due in 1975 and $24,050 is due in 1976.

Goodwill, which amounts to $34,071,821 at December 31, 1970, arose in connection with the purchase of other companies and businesses in prior years and represents the excess of the cost of such companies and businesses over the book value, at dates of acquisition, of the net tangible assets acquired. Goodwill is not being amortized since, in the opinion of management, there has been no diminution of value since acquisition.

**2. Extraordinary Items**—During 1970 the Company sold its Texas Amiben production facilities, abandoned its original facility in New Jersey, and renegotiated its Amiben supply contract. Under the arrangements relating to the sale, the Company has leased the Texas facility and is continuing to manufacture Amiben for sale to the purchaser. The Company realized a net gain of $2,377,310 from these transactions after provision of estimated applicable income taxes of $1,043,802. This lease is for ten years, with a five year renewal option, at an annual rental of $150,000.

In addition, the Company's English subsidiary realized a net gain of $3,923,171 from the sale of its Stourton House headquarters in London after provision of estimated applicable income taxes of $143,028.

The net gain on both of these transactions, amounting to $6,300,481, is included in Extraordinary Items in the accompanying statement of consolidated income and retained earnings.

The extraordinary charge for 1969 relates to the program, initiated in 1969, to discontinue the manufacture and sale of certain products and to dispose of the related production facilities.

**3. Inventories**—Inventories consisted of the following:

| | December 31 1970 | 1969 |
|---|---|---|
| Finished Goods | $ 73,202,655 | $ 76,303,626 |
| Work in Process | 33,755,117 | 35,004,283 |
| Raw Materials and Supplies | 39,948,188 | 40,918,796 |
| Total | $146,905,960 | $152,226,705 |

Inventories at December 31, 1970 included $1,414,771 of an Australian subsidiary, consolidated in 1970.

**4. Depreciation, Amortization, and Depletion Policy**—It is the policy of the Companies to provide for depreciation and amortization of plant properties generally at straight-line rates based on the estimated service lives of the property. Depletion of mineral properties is provided at fixed rates per ton of materials produced. Depreciation, amortization, and depletion charged to cost and expenses for 1970 and 1969 amounted to $20,923,338 and $19,972,980, respectively.

**5. Income Taxes**—Deferred income taxes have been provided in recognition of timing differences in reporting certain items of income and expense (principally accelerated depreciation) for income tax and financial statement purposes.

The investment tax credit available under the Revenue Act of 1962 has been deferred and is reflected in income ratably over the estimated service lives of the respective assets.

The Internal Revenue Service has proposed additional assessments of approximately $2,217,000, plus interest, for the years 1962 through 1966 for certain of the companies acquired or merged with GAF since 1965. The Company is of the opinion that adequate provision has been made for any additional liability which might arise therefrom.

**6. Long-term Debt and Dividend Restrictions**—Long-term debt represents the balance of unsecured loans as follows:

| | December 31 1970 | December 31 1969 |
|---|---|---|
| 5% Convertible Subordinated Notes due April 1, 1994 with annual prepayments of $10,000,000 beginning April 1, 1990 | $ 50,000,000 | $ 50,000,000 |
| 5⅞% Sinking Fund Debentures due December 1, 1991 with annual sinking fund payments of $2,500,000 beginning December 1, 1972, less $3,690,000 and $2,228,000 in treasury in 1970 and 1969, respectively | 46,310,000 | 47,772,000 |
| 7% notes payable to banks under credit agreement dated October 9, 1967 (Interest rate at ¼ of 1% above floating prime) | 32,000,000 | 30,000,000 |
| 4⅞% notes due June 30, 1972 with quarterly installments of $750,000 through June 30, 1971 and $1,000,000 beginning September 30, 1971 | 5,500,000 | 8,500,000 |
| 3½% notes due March 1, 1972 with a prepayment of $1,250,000 on March 1, 1971 and balance of $5,250,000 payable March 1, 1972 | 6,500,000 | 7,750,000 |
| 5½% Convertible Subordinated Notes due April 1, 1983 with annual prepayments of $200,000 on April 1, 1972 through 1982 and balance of $1,800,000 payable April 1, 1983 | 4,000,000 | 4,000,000 |
| Other notes, which bear interest at 5-3/8% to 6-4/5% in 1970 and mature at various dates to 1985 | 4,277,600 | 4,647,600 |
| Total | 148,587,600 | 152,669,600 |
| Less portion due within one year | 12,177,100 | 8,370,000 |
| Remainder | $136,410,500 | $144,299,600 |

Under the terms of the revolving credit agreement dated October 9, 1967, the Company was required to repay the outstanding notes at April 30, 1970 and could reborrow up to $75,000,000 on Term Loans, payable in equal quarterly installments to May 1, 1974. Accordingly, the Company repaid $40,000,000 on April 30, 1970, and, on the same date and under the same agreement, reborrowed $40,000,000 on Term Loans. The Company's borrowings under this agreement at year-end are classified as follows:

| | December 31 1970 | December 31 1969 |
|---|---|---|
| Long-term Debt | $25,000,000 | $26,250,000 |
| Current Installments on Long-term Debt | 7,000,000 | 3,750,000 |
| Current Notes Payable | – | 8,250,000 |
| | $32,000,000 | $38,250,000 |

The 5% convertible subordinated notes, issued in 1969, are convertible into shares of common stock, at any time, at a conversion price of $27.50 per share (subject to future anti-dilution adjustments in specified circumstances). The 5½% convertible subordinated notes are convertible into shares of common stock, at any time prior to April 2, 1976, at a conversion price of $28.72 per share (subject to future anti-dilution adjustments in specified circumstances).

Dividends are restricted under the provisions of certain loan agreements. Under the most restrictive of these provisions, approximately $205,600,000 and $205,300,000 of the consolidated retained earnings at December 31, 1970 and 1969, respectively, were not available for dividends.

**7. Capital Stock**—The $1.20 convertible preferred stock, dividends on which are cumulative, is convertible, at any time, into common stock at the rate of 1¼ shares of common stock for each share of preferred. During 1970 there were no conversions of preferred stock into common stock, whereas in 1969, 557 shares of such preferred stock were converted into 694 shares of common stock. At any time after June 1, 1972, the

Company may redeem the preferred stock at specified prices ranging from $30.00 to $27.50 per share.

Under the provisions of the Company's stock option plan, options to purchase shares of common stock may be granted to key employees during a ten-year period ending March 31, 1975. The prices at which options may be granted may not be less than 100% of the fair market value of the shares on the date the option is granted. The options are exercisable after a one-year waiting period and terminate five years from date of grant. A summary of transactions affecting the Company's stock option plan is as follows:

| | 1970 | | 1969 | |
|---|---|---|---|---|
| | Shares | Option Price | Shares | Option Price |
| Options outstanding, beginning of year | 325,700 | $7,984,723 | 369,750 | $9,917,866 |
| Options granted | 31,000 | 319,063 | 56,500 | 978,185 |
| Options exercised | – | – | (2,800) | (65,602) |
| Options surrendered and terminated | (60,450) | (1,513,823) | (97,750) | (2,845,726) |
| Options outstanding, end of year | 296,250 | $6,789,963 | 325,700 | $7,984,723 |

At December 31, 1970 and 1969 there were 275,950 and 246,500 shares, respectively, reserved for the granting of additional options.

In addition to the above, 13,743 shares of the $1.20 convertible preferred stock are reserved for options assumed by the Company at the time of an earlier merger. A summary of transactions for the past two years is as follows:

| | 1970 | | 1969 | |
|---|---|---|---|---|
| | Shares | Option Price | Shares | Option Price |
| Options outstanding, beginning of year | 17,293 | $303,862 | 23,665 | $418,193 |
| Options cancelled | (2,400) | (44,100) | – | – |
| Options exercised | (1,150) | (21,106) | (6,372) | (114,331) |
| Options outstanding and exercisable, end of year | 13,743 | $238,656 | 17,293 | $303,862 |

Under the provisions of the Company's restricted and unrestricted stock purchase plan, 650,000 shares of common stock may be sold to key employees. Restricted and unrestricted shares may be sold at prices which are not less than 20% and 80%, respectively, of the closing market price preceding the date of the offer to sell. Under certain conditions, the Company has the right to repurchase restricted shares of common stock at the original selling price. During 1970, 11,000 shares were repurchased from terminated employees and 6,000 of these shares were resold for an aggregate price of $32,250, leaving a balance of 5,000 shares, at cost of $26,875, in treasury, which is classified in the balance sheet as Other Investments and Advances and which were reissued in January, 1971. During 1969 the Company sold 209,000 shares for an aggregate price of $1,123,375, included in which were shares repurchased from terminated employees and resold during the year. The excess of quoted market value over the aggregate sales price for restricted shares sold is being amortized by charges to income over the restriction period. The unamortized balance to be amortized during the period from January 1, 1971 to March 31, 1979 amounted to $3,704,990 at December 31, 1970. At December 31, 1970 and 1969, respectively, there were 446,000 and 441,000 shares of common stock available for sale under the plan.

Following is a summary of changes in the number of shares of capital stock during 1970:

| | Preferred Stock | Common Stock |
|---|---|---|
| Shares outstanding, December 31, 1969 | 3,161,714 | 13,586,627.5 |
| Shares issued (reacquired) during 1970: | | |
| Exercise of stock options | 1,150 | – |
| Issued under incentive compensation plan | 207 | 12,200.0 |
| Repurchase of restricted common stock less 6,000 shares resold | – | (5,000.0) |
| Shares outstanding, December 31, 1970 (excluding 5,000 shares of common stock held in treasury) | 3,163,071 | 13,593,827.5 |

At December 31, 1970 the following number of shares of the Company's capital stock were reserved for issuance as follows:

| | |
|---|---|
| $1.20 Convertible Preferred Stock: | |
| Reserved for exercise of stock options | 13,743 |
| Reserved for payment of deferred stock awards under incentive compensation plan | 3,954 |
| Total | 17,697 |
| Common Stock: | |
| Reserved for conversion of $1.20 convertible preferred stock, including 22,121 shares for stock options and deferred stock awards | 3,975,960 |
| Reserved for exercise of stock options | 572,200 |
| Reserved for conversion of 5½% convertible subordinated notes | 139,279 |
| Reserved for conversion of 5% convertible subordinated notes | 1,818,182 |
| Reserved for sale under restricted and unrestricted stock purchase plan | 446,000 |
| Total | 6,951,621 |

**8. Paid-In Surplus**—Changes in paid-in surplus were as follows:

| | 1970 | 1969 |
|---|---|---|
| Balance, beginning of year | $49,639,930 | $48,046,153 |
| Excess of option price over assigned or par values of preferred and common stock issued for options exercised | 19,669 | 169,167 |
| Excess of market value over par value of common stock and preferred stock issued under the Company's incentive compensation plan | 161,577 | 351,858 |
| Excess of proceeds over par value of 209,000 restricted shares of common stock sold to key employees in 1969 | — | 914,375 |
| Amortized portion of excess of quoted market value over aggregate sales price for shares of restricted common stock sold to key employees | 236,508 | 156,377 |
| Balance, end of year | $50,057,684 | $49,639,930 |

**9. Retirement Plans**—The Company and its subsidiaries have several pension plans covering substantially all employees. The total pension cost amounted to $3,666,887 for 1970 and $3,287,433 for 1969, and includes, as to certain of the plans, amortization of prior service cost over periods ranging from ten to forty years. The Companies' policy is to fund pension cost accrued.

Changes, as of January 1, 1970, as recommended in 1969 by the Company's consulting actuary, of an actuarial assumption and in the method of determining pension costs resulted in an increase of net income for 1970 of approximately $400,000.

**10. Commitments and Contingent Liabilities**—Under the terms of a long-term lease obligation covering 3⅝% to 4¼% City of Annapolis, Missouri, industrial revenue bonds, an annual rental of approximately $385,000 is payable until September 30, 1983 to cover bond principal and interest.

The Companies were obligated under other long-term leases as follows:

| Leases Expiring In | Aggregate Annual Rental 1970 | Aggregate Annual Rental 1969 |
|---|---|---|
| 2-5 Years | $2,474,000 | $1,979,000 |
| 6-10 Years | 421,000 | 487,000 |
| 11-20 Years | 2,024,000 | 2,330,000 |
| Over 20 Years | 111,000 | 78,000 |

At December 31, 1970 and 1969, the Companies had commitments of approximately $13,163,000 and $13,400,000, respectively, for the acquisition of property, plant, and equipment.

At December 31, 1970 there were certain lawsuits and claims pending against the Companies. In the opinion of management the ultimate disposition of these matters will not materially affect the Companies' consolidated financial position.

**GAF Corporation** and Consolidated Subsidiaries

## Consolidated Source and Application of Funds

| | Year Ended December 31 1970 | 1969 |
|---|---|---|
| **Sources of Funds:** | | |
| From operations: | | |
| Income before extraordinary items | $ 8.393.123 | $ 15,242,436 |
| Depreciation, amortization, and depletion | 20.923.338 | 19,972,980 |
| Deferred income taxes (non-current portion) | 3.981.464 | 4,145,244 |
| Deferred investment tax credit | (566.512) | 2,147,078 |
| Amortization of deferred charges | 1.143.589 | 776,091 |
| Other charges to income not requiring funds | 1.516.490 | 924,017 |
| Total | 35.391.492 | 43,207,846 |
| Proceeds from sales of property, plant, and equipment net of applicable current income taxes | 15.290.386 | — |
| Long-term borrowing | 1.750.000 | 50,000,000 |
| Proceeds from exercise of stock options and sale of restricted stock to key employees | 21.106 | 477,633 |
| Total | 52.452.984 | 93,685,479 |
| **Disposition of Funds:** | | |
| Expenditures for property, plant, and equipment | 25.185.906 | 22,090,154 |
| Investment in subsidiary companies | 213.264 | 10,859,396 |
| Reduction of long-term debt | 9.639.100 | 9,139,000 |
| Payment of dividends | 9.229.190 | 9,187,248 |
| Other | 821.120 | 714,200 |
| Total | 45.088.580 | 51,989,998 |
| **Increase in Working Capital** (Note A) | 7.364.404 | 41,695,481 |
| **Working Capital, Beginning of Year** | 197.949.997 | 156,254,516 |
| **Working Capital, End of Year** | $205.314.401 | $197,949,997 |

**Note A**—Following is a summary of the 1970 increase in working capital:

| | |
|---|---|
| Increase (decrease) in current assets: | |
| Cash and marketable securities | $ (5,686,789) |
| Inventories | (5,320,745) |
| Accounts receivable | 4,336,615 |
| Other | (1,310,946) |
| Total | (7,981,865) |
| Decrease (increase) in current liabilities: | |
| Notes payable | 15,731,426 |
| Accounts payable | 4,329,998 |
| Federal and foreign income taxes | (4,474,068) |
| Other | (301,087) |
| Total | 15,346,269 |
| Increase in working capital | $ 7,364,404 |

## Accountants' Opinion

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY
NEW YORK 10004

To the Stockholders and Board of Directors of
GAF Corporation:

We have examined the consolidated balance sheet of GAF Corporation and its consolidated subsidiaries as of December 31, 1970 and the related statements of consolidated income and retained earnings and of consolidated source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements present fairly the financial position of the companies at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

February 16, 1971.

**Registrars**
The Chase Manhattan Bank
1 Chase Manhattan Plaza
New York, N.Y. 10015
Commercial Trust Company of New Jersey
15 Exchange Place
Jersey City, N.J. 07302

**Transfer Agents**
First National City Bank
111 Wall Street
New York, N.Y. 10015
The Corporation Trust Co.
15 Exchange Place
Jersey City, N.J. 07302

GAF Corporation is a worldwide company which manufactures and distributes a wide range of products in five related consumer and industrial market areas, including chemicals building materials, photographic film and equipment office business systems, and industrial products The common bond uniting the product groups is chemical research and technology from which GAF's 'congeneric' nature evolved

## Directory of GAF Products

### GAF* Building Products

Asphalt roof shingles, asphalt roll roofing and siding; asphalt, asbestos, or tar built-up roofing felts; asphalt protective coatings and cements. T/NA 200* roofing membrane; mineral fiber board, roof shingles, sidings; mineral fiber canal bulkhead; building and roof insulations; Stratalite* thatch siding, ceiling, wall membrane, and other products for the manufactured housing industry

### GAF* Chemical Products

**Surfactants** – nonionic, anionic, cationic and amphoteric surface-active agents for use as detergents, emulsifiers, dispersants, and wetting agents.

**Specialty Chemicals** – processing and formulating agents, including bactericides and fungicides, finishing agents, adhesive additives, sequestrants, antistatic agents, lubricants, and solvents, for use in various industries.

**Textile Chemicals** – textile auxiliaries, flame retardants, carpet antistats; rubber latices for rug backings, fabric coatings, and paper coatings; latex foam backing for drapery fabrics; latex adhesives for fabric lamination.

**High-Pressure Acetylene Derivatives** – monomers, polymers, copolymers, solvents, organic intermediates, and other chemicals derived from acetylene for use in cosmetic, petroleum, pharmaceutical, plastic, textile, adhesive, and a variety of other industries.

**Industrial Organic Chemicals** – complex cyclic and aliphatic compounds for use as active ingredients and as intermediates in the dye, pharmaceutical, agricultural, and chemical processing industries.

**Heavy Chemicals** – chlorine, caustic soda, muriatic acid, ethylene oxide, and glycols.

**Iron Powders** – microscopic-size spheres of iron used in VHF and UHF circuitry, transmitters, receivers, radar, and in powder metallurgy.

**Ultraviolet Absorbers** – ultraviolet-screening agents for plastics, textiles, pigments, rubber, adhesives, and cosmetics.

**Dyestuffs** – acid, azo, azoic, basic, condensation, chrome, direct, disperse, mordant, metalized, sulfur, vat and vat-ester dyes; fluorescent brighteners, oil-, spirit-, water-soluble dyes, used in dyeing cotton, wool, silk, rayon, acetate, nylon, polyester, acrylics, and other manmade fibers and blends, also paper and leather.

**Pigments** – azo, benzidine, BON, carbazole, carbon, chrome, dianisidine, molybdate, naphthol, nitroso, oxide, PMA, phthalocyanine, PTA, and pyrazolone pigments; lakes, dispersed powders, toners, dispersed pastes, and press-cakes used in coloring paints, lacquers, and other protective coatings, plastics, printing inks, rubber, solvents, oils, waxes, and in melt spinning or dyeing of fibers.

### GAF* Floor Products

Asphalt and vinyl asbestos resilient floor tiles, adhesives, cove base, sheet vinyl floorings, floor finishes and cleaners for residential and commercial uses.

### GAF* Industrial Products

**Felt and Filter Products** – wool and synthetic fiber felts and filter devices for air, liquid, and gas filtration; pressure vessel filter systems, sealing and lubricating devices, plate-glass and metal polishing felts, piano felts, wool felts for apparel and interior design; felts for automotive, industrial, and aerospace applications.

**Asbestos Products** – asbestos fibers, asbestos insulating felts and boards, asbestos papers, corrugated asbestos cement sheets, nonwoven papermakers' felts for paper, asbestos-cement pipe, and wallboard manufacture.

**Automotive and Insulation Products** – automotive sound deadening and insulation products, Calsilite* molded high-pressure pipe coverings and industrial insulations, electrical insulating tapes.

**Granules** – mineral granules for roofing and other uses, inert fillers, and slate flour.

**Contract Sales** – contract manufacture of precision parts and equipment.

### GAF* Business Systems Products

**Business Machines** - GAF electrostatic copiers, papers, toners, and supplies, dictating machines and accessories

**Business Forms** – custom designed and printed data-processing forms, sales books, manifold-order books, single copy forms, unitset forms, voucher and receipt books; Card-Set* forms and forms for autographic register and similar items

**Diazo Reproduction Products** – diazo copying machines and sensitized materials for engineering and business systems.

**Audio-Visual Products** – overhead and slide projectors, overhead projection transparency series for pre-school through college instruction, custom transparency production service, materials and supplies.

**Micrographic Products** – complete line of diazo microfilm, roll film duplicating equipment, microfiche film readers, and diazo duplicating films.

### GAF* Photo Products

**Consumer Products** – still and movie cameras, slide projectors, movie projectors, color slide and print films, black-and-white films, papers, chemicals, and accessories.

**Pictorial Products** – View-Master* stereo viewers, picture reels, and projectors; Pana-Vue* slide viewers and color slides for educational, entertainment, and commercial uses.

**Graphic Arts Products** – films, papers, and chemicals for offset printing, photo-lithography, photoengraving, rotogravure, phototypesetting, and silk-screen printing.

**Professional Products** – color and black-and-white films, color and black-and-white papers; chemicals for portrait, school photography, photofinishing, and industry; specialized materials for seismic recording, instrumentation, surveillance, oscillography, motion pictures; automatic processors for films and papers.

**X-Ray Products** – medical and industrial X-ray films, chemicals, and accessories; radiologic teaching aids.

## Directory of GAF Locations

Corporate Offices
140 West 51 Street, New York, N.Y. 10020

**Plants[1], Research Laboratories[2]**
**Principal Sales and**
**Distribution Offices[3]**

### Northeast & Middle-Atlantic

**Connecticut**
Greenwich[1,2,3]
Hartford[3]
Rockville[1]
Staffordville[1]
**Maryland**
Baltimore[1,3]
Cheverly[3]
Hagerstown[2,3]
**Massachusetts**
Franklin[1,3]
Millis[1,3]
Westwood[3]
**New Jersey**
Bound Brook[1,3]
South Bound Brook[1,2,3]
Gloucester City[1]
Linden[1,2]
Newark[3]
Paterson[1]
Union[3]
**New York**
Binghamton[1,2,3]
Delmar[3]
Johnson City[1,2]
Newburgh[1]
New York City[3]
Rensselaer[1,2]
Syracuse[3]
Vails Gate[1,2,3]
Vestal[1,2,3]
West Seneca[3]
Woodside[3]
**Pennsylvania**
Blue Ridge Summit[1]
Easton[2]
Erie[1,3] (2 plants)
Monroeville[3]
Paoli[3]
Philadelphia[3]
Pittsburgh[3]
Reading[3]
Roslyn[3]
Whitehall[1,2,3]
**Rhode Island**
Westerly[1]
**Vermont**
Hyde Park[1]

### Midwest

**Illinois**
Chicago[2,3]
Joliet[1,2,3] (2 plants)
Melrose Park[3]
Peoria[3]
**Indiana**
Indianapolis[3]
South Bend[3]
**Iowa**
Des Moines[3]
**Michigan**
Detroit[1,3]
Warren[1,3]
**Minnesota**
Minneapolis[1,3]
**Missouri**
Annapolis[1]
Kansas City[1,3]
Maryland Heights[1]
St. Louis[1,3]
**Ohio**
Cincinnati[3]
Cleveland[3]
Columbus[3]
Elyria[1]
Shelby[1]
Toledo[1]
Youngstown[3]
**Wisconsin**
Milwaukee[3]
Pembine[1]
Wauwatosa[3]

### South & Southwest

**Alabama**
Huntsville[1,3]
Mobile[1,3]
**Florida**
North Miami[3]
Orlando[3]
Tampa[1,3]
**Georgia**
Atlanta[3]
Dalton[1,3]
Fairmount[1]
Savannah[1,3]
**Kentucky**
Calvert City[1,2]
**Louisiana**
New Orleans[3]
**North Carolina**
Charlotte[3]
**South Carolina**
Greenville[3]
**Tennessee**
Chattanooga[1,2,3]
Knoxville[3]
Nashville[3]
**Texas**
Arlington[1,3]
Dallas[1,3]
Houston[1,3]
Texas City[1,2]

### West & Northwest

**California**
Hollywood[3]
La Habra[1,3]
Long Beach[1,3]
Los Angeles[3]
South San Francisco[3]
**Colorado**
Denver[1,3]
**Oregon**
Portland[3]
Progress[1]
**Washington**
Seattle[3]

### Domestic Subsidiaries

GAF Export Corporation
New York, N.Y.
Carolina, Puerto Rico
Lenco Photo Products, Inc.
New York, N.Y.

### International Manufacturing and Marketing Subsidiaries

GAF (Belgium) N.V.
Sint-Niklaas, Belgium
GAF (Canada) Limited
Mississauga, Ontario, Canada
GAF (Great Britain) Limited
London, England
Manchester, England
GAF (Nederland) N.V.
Delft, Holland
Consolidated Reprographics Ltd.
Sydney, Australia

### Marketing Subsidiaries

GAF (Deutschland) G.m.b.H.
Cologne, Germany
Hamburg, Germany
GAF (France) S.A.
Paris, France
GAF (Ireland) Limited
Dublin, Ireland
GAF (Italia) S.r.l.
Milan, Italy
GAF (Norge) A/S
Oslo, Norway
GAF (Osterreich) G.m.b.H.
Vienna, Austria
GAF Svenska, AB
Stockholm, Sweden
GAF (Switzerland) A.G.
Zug, Switzerland

### Affiliate

Chemical Developments of Canada, Limited
Pointe Claire, Quebec, Canada

### GAF® Film-Processing Laboratories* and Photo-Equipment Repair Stations†

Appleton, Wisconsin*
Binghamton, N.Y.*†
Chicago, Ill.†
Hollywood, Calif.†
London, England*
Long Island City, N.Y.†
Mason City, Iowa*
Milwaukee, Wisconsin*
Portland, Oregon†
Sint-Niklaas, Belgium*
Union, N.J.*
GAF authorized film-processing laboratories and equipment-repair stations are located throughout the world.

All photographs in this report are from transparencies taken on GAF® Color Slide Film.

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